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ABSTRACT

After describing the history of the educational voucher movement, this paper briefly discusses the various voucher models that have been proposed and considers some of the issues for and against the establishment of voucher systems. Tracing the voucher concept back to Adam Smith, Thomas Paine, and John Stuart Mill, the author notes that after the 1850's the voucher idea lay relatively dormant until revived in the wake of the Supreme Court's desegregation rulings in the 1950's. Four general types of voucher plans have developed: Friedman's Unregulated Voucher Model, the Sizer-Whitten Vouchers for the Poor Model, Jencks' Regulated Compensatory Model, and Coons and Sugarman's Family Power Equalizing Model. These models all encourage parental choice, provide regulatory mechanisms, depend on state funding, and seek increased educational equity. The models differ in their eligibility requirements, the amount of funding provided per student, and the way equity is determined. The major issues to be decided when adopting voucher plans are which schools will participate, what the state's role in school regulation will be, how much vouchers will be worth, how the plans will be financed, and what effects the plans might have on rural education. (Author/PGD)

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THE VOUCHER MOVEMENT AS A FREEDOM OF CHOICE ISSUE

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THE VOUCHER MOVEMENT AS A FREEDOM OF CHOICE ISSUE

The circulation of a ballot initiative in California establishing a voucher system to finance a portion of that state's schools has revived the debate over the use of vouchers to fund education in the United States. In its simplist form, an educational voucher is a certificate that the government issues to parents. The parents in turn give the voucher to the school of their choice, which turns the certificate back to the government for cash. Theoretically, the results of this system would be to end the "public education monopoly" and create a competitive and creative "free market system" for the delivery of education. Hopefully, competition among schools for pupils would improve the overall quality of education.

Proponents of this system for financing education have expounded similar views since the eighteenth century. In recent years, individuals have been proposing voucher systems for other reasons, such as equalizing educational opportunity, reforming school finance, facilitating desegregation and improving education for low income and minority children. To reach these other goals, revised or "regulated" voucher systems have been proposed.

This paper describes the history of the voucher movement, provides a brief discussion of the various voucher models that have been proposed and discusses some of the issues for and against the establishment of a voucher system to finance education.

History of the Voucher Movement

Adam Smith may have been the first individual to suggest that parents be allowed to choose the type of education their children should receive in a competitive "free market system." Smith's view of "consumer sovereignty" gave parents the ultimate authority over the kind of education their children received. In Wealth of Nations, Smith proposed that the government give money directly to parents for the purchase of educational services. He felt that parental choice would inject creativity and competition into the stagnant educational monopoly of his day.

In Rights of Man, Thomas Paine reiterated Smith's concepts, but added that the poor should be given special aid, and parents should be required to purchase education for their children. Paine's writing is the first instance of an individual proposing special or additional educational programs for a specific group of children.

John Stuart Mill proposed that it was the government's duty to require a minimum education for every child, but felt that parents should be free to obtain education where and how they pleased. In On Liberty, Mill suggested that education provided by the government should be one of many competing experiments in education. Mill also supported the idea of additional government aid for the poor.

Following the publication of On Liberty in 1859, very little appears to have been written about educational vouchers. This is largely because compulsory public education was gaining popularity. This swing toward compulsory public education became so strong that in the 1920's, some states sought to require all children to attent public schools. However, the United States Supreme Court ruled in 1925 that the Fourteenth

Amendment protected the right of a family to choose private education. Although the Pierce vs. Society of Sisters ruling allowed freedom of choice, in reality this choice was limited to those wealthy enough to be able to afford the costs of private education.

The first surfacing of a voucher movement in recent times was in 1954 when four southern states, Virginia, Mississippi, Alabama and Louisiana, enacted voucher plans in response to the Supreme Court's ruling in Brown vs. Board of Education. These subsequently were ruled unconstitutional because of their discriminatory intent.

The first of the modern theorists to advocate a voucher program to break up the public monopoly on education was Milton Friedman. His arguments are similar to those of Smith, Paine and Mill. Friedman's voucher plan is rooted in traditional laissez-faire economics and can best be described as an unrestricted voucher plan.

In 1969, the Center for the Study of Public Policy published Educational Vouchers: A Report on Financing Elementary Education by Grants to Parents. The group that authored this document, headed by Christopher Jencks, outlined a number of possible voucher models. In addition, the pros and cons of a voucher system were discussed, and the report recommended that an experiment be conducted to test the use of vouchers.

To date, only one educational voucher experiment has been conducted. The Alum Rock School District, near San Jose, California, was the site of this experiment. Although considered by many to have been a failure, there were a number of positive outcomes from the experiment. Many supporters of a voucher system claim that the conditions established at the beginning of the experiment restricted the system to the point where

it was not a true voucher program. Among the limitations of the study are the fact that it was restricted to public schools, and that only a portion of the schools in the Alum Rock District participated in the program.

During the 1970's the school finance reform movement made large gains throughout the country. One concept that received attention was the voucher plan. In fact, two school finance reform movement leaders, John Coons and Stephan Sugarman, proposed a new voucher model. Coons and Sugarman's Family Power Equalizing Model would allow a parent to choose a school for his or her child based upon the school's approach and the school's tuition level. Each school could choose to charge one of four tuition levels. Each family would be taxed according to its income and the tuition level it chose. Thus, wealthier families would pay more for the same level of school, yet all families would have a choice of levels and all would pay more for access to higher levels. The system would be financed partly by the family tax, and the balance would come from the state. Under Coons and Sugarman's plan, the local property tax for education would be eliminated.

The current initiative in California is similar in some respects to the Family Power Equalizing Model outlined above. However, one major difference is that the local propoerty tax for education would be retained. This is in part because the passage of Proposition 13, which creates a uniform 1 percent property tax statewide, has reduced the concern over unequal property tax burdens for education.

Many of the details regarding the operation of the voucher plan are intentionally vague. The authors of the initiative, Coons and Sugarman, left it vague so that the legislature could fill in the details as it saw

fit. Basically, the initiative establishes three kinds of schools, public schools similar to today's public schools, Independent Public Schools and Family Choice Schools. The public schools would be operated just as public schools are operated today. The major difference is that they would be state funded. These schools would be subject to the same regulations that currently exist, and apparently would be indistinguishable from public schools in California today.

The new classes of schools, Independent Public Schools and Family Choice Schools, would be operated differently. Both types would be established in the form of nonprofit corporations which would be eligible to receive state vouchers or "scholarships" from the state. Independent Public Schools would be established by the school board of the current public schools, while Family Choice Schools would be established by private groups. The value of the scholarships parents receive to send their children to these schools would be 80 percent of the average state expenditure for similar children in public schools. The state would be encouraged to provide additional amounts to children with special needs. The number of available scholarships would be increased slowly over a period of years, with the requirement that by 1985-86, three-fourths of the state's pupils would be eligible for such scholarships. There is no requirement that all available scholarships be distributed if parent demand is not strong enough.

The advantage that Independent Public Schools and Family Choice Schools would have is that they would be exempted from most of the state educational requirements that would still apply to the public schools. The authors believe that this factor, combined with the reduced funding

level, would force the "alternative" schools to develop new and creative programs to attract pupils.

At the present time, this initiative is being circulated in California in an attempt to secure enough signatures to place it on the November 1980 ballot.

A second initiative also is being circulated in California. This initiative would provide a tax deduction for tuition payments made to private schools. Although this is not a voucher plan as such, it is likely that the effect of this tax deduction would be to increase attendance at private schools, at the expense of enrollment in public schools.

Voucher Models

Each of the voucher plans that have been described can be categorized into one of four general models. The four models are summarized as follows:

1. Friedman's Unregulated Voucher Model
2. The Sizer-Whitten Vouchers for the Poor Model
3. Jencks' Regulated Compensatory Model
4. Coons and Sugarman's Family Power Equalizing Model

Each of the plans is described below:

Under Milton Friedman's Unregulated Voucher Plan, each parent would receive a voucher from the government worth a certain amount of money. The parent could use the voucher at any school of his or her choice. Parents would be allowed to supplement the vouchers if they choose. A government agency would certify schools to prevent fraud. This government agency would provide very little regulation because, under Friedman's

plan, unpopular or poor quality schools would be forced out of business as dissatisified parents took their vouchers elsewhere.

The two major arguments leveled against Friedman's plan are that it does not provide additional compensation for children with special needs, and that by allowing parents to supplement the voucher as they choose, it would provide an unfair advantage to the wealthy. In response to these arguments, supporters point out that schools will be established to meet children's special needs as part of the general competition for vouchers. Secondly, they argue that wealthy parents can already supplement their children's education by sending them to private schools.

The Sizer-Whitten Model is really only a partial voucher model. Sizer-Whitten would provide vouchers only to low income parents and parents of children with special educational needs. These vouchers could then be used to place the children at any school. Schools would be encouraged to provide adequate programs for these children because of the additional dollars the school would receive. In addition, this would assure that dollars to support programs for disadvantaged students would actually be spent at the school the children attended.

The Sizer-Whitten Model has been criticized for "creating an illusion" of competition. Critics claim that private schools receiving only the voucher amount would not be able to compete with public schools for which the voucher would be a supplement to the amount the school received for the child through regular state and local revenue sources.

The third model is the Regulated Compensatory Model. Originally proposed by Christopher Jencks, this model provides a voucher that could be used in any school, public or private. However, the schools could not ask for additional funds from parents. Instead, any additional funding would have to be obtained from a church or foundation. The major argument against this system is that it would provide parochial schools

with a tremendous advantage over all other schools since they would be able to add public voucher funds to the amounts they currently spend on education.

Schools would also be able to earn additional income from the government by enrolling children from disadvantaged backgrounds, or with special educational problems. Jencks believes that this plan would result in more racially, economically and academically mixed schools, and that a variety of schools would spring up to meet the diverse educational needs of urban areas.

The fourth model is the Family Power Equalizing Model discussed in the first section of this paper. It was first described by Coons and Sugarman in 1970. Under this plan, a parent could choose both the level of educational expenditure and the school attended. Critics of the model contend that the quality of a child's schoolings would depend on his parent's spending priorities. They argue that children whose parents rank education low in their priority system are those who need the best schools.

Supporters of the Family Power Equalizing Model contend that parents would be able to choose the type of education their children receive, while the total system would require payment based upon ability to pay, and not the area in which the child's parents choose to live.

There are a number of similarities between these four models. All four contain the element of parental choice, although Sizer-Whitten only provides that opportunity for the parents of disadvantaged children. Each of the models have some form of regulatory mechanism to insure quality schools, although in Friedman's model, this role falls largely on the parents who must select the school their children attend.

Each of the four models relies on the state government for a large portion of its funding. The basic elements are the same for all four models--the parent receives a voucher which is turned over to the school which in turn exchanges the voucher for cash to operate its program. Finally, supporters of all of these models contend that a voucher plan will increase equity in the schools by equalizing expenditures per pupil and by encouraging separate schools to develop special programs to meet the needs of all categories of special students.

There are also a number of differences in each of these models. For example, the eligibility requirements for receipt of a voucher differ. The Sizer-Whitten Model provides vouchers only to the children of poor parents. Another difference is the size of the voucher. Friedman's model provides an equal voucher for each student, while other models provide additional amounts for disadvantaged pupils or pupils with special needs.

The equity approach of each model differs also. Friedman's model assumes that schools will develop to meet each pupil's need because of parent demand, while the other models provide additional aid for special categories of pupils to make them more attractive to schools competing for vouchers. Finally, there are differences in the level of standards that the state imposes on schools. Friedman proposes virtually no restrictions, while the Sizer-Whitten Model continues all current regulations. The California initiative, which is a offshoot of the Family Power Equalizing Model, has two parallel systems, one requiring public schools to meet all state requirements and another granting Independent Public Schools and Family Choice Schools freedom from state regulations.

Issues in the Development of a Voucher System

A number of issues must be considered before a voucher plan can be successfully implemented in a state. Some of these issues have received considerable attention, while other are rarely discussed in the voucher literature.

School participation is a critical issue in any voucher plan. Some voucher proposals are limited to public schools, while others include private schools. Even more heated than the debate over whether or not private schools should be allowed to participate in a voucher plan is the question of parochial schools. Some of the voucher proposals that have been brought forward allow private schools to participate, but not parochial schools. There is still a strong feeling among some voucher proponents that allowing parochial schools to participate in a voucher plan would violate the constitutional separation of church and state. Others, including the authors of the California initiative, believe the participation of parochial schools would not cause any legal problems.

Another important issue is the state's role in school regulation. Some voucher proponents contend that limited involvement of the "free market system" is the only way a voucher program would work, while others favor a stronger goverrment role in regulating school programs. Another issue is whether the state should provide the regulatory control, or whether regulation should be a function of the local community.

It is clear that any voucher plan would have a considerable effect on the organization of the State Education Agency (SEA). Under the "classical" voucher models, the SEA would become largely a money distribution center. Other plans continue the state's role in regulating education and, therefore, would require the SEA to maintain its current

organization, or some similar organization, as well as develop the bureaucratic structure necessary to distribute the vouchers and the funds attached to those vouchers.

The dollar value of the vouchers is a critical issue. If vouchers are valued at the state's average expenditure per pupil, many parents will have fewer resources for their children's education than they did previously. Since most voucher plans do not allow parental supplements, this may not be popular with the politically powerful wealthy and middle classes. Additionaly, there is still considerable debate over the benefits of providing additional sums of money for disadvantaged children and those with special educational needs.

The method used to finance a voucher plan is also important. Many voucher proponents want to use vouchers as a method of tax reform. These individuals claim that the propoerty tax for education can be eliminated and the state could afford to support the total cost of the vouchers. Others believe property taxes may still be necessary, but that existing disparities in property tax burdens can be reduced or eliminated through the establishment of an educational voucher program. It is most likely that the revenue mix used to support a state's voucher plan would depend on the financial requirements of the plan and on the revenue capabilities and the existing pattern of local tax use in that state.

A final issue that must be considered, particularly in the Northwest, is the effect of a voucher program in rural areas. Most voucher theory centers around the benefits vouchers would bring to an urban education setting through increased competition among schools. However, there is little or no research on the effects of vouchers in rural areas. In many areas of the Northwest, a school's attendance area encompasses hundreds

of square miles. These rural schools frequently serve a very small student population, and often experience higher than average per pupil costs. It is doubtful that these schools would be able to survive if they were suddenly limited to the revenue generated by vouchers tied to the average cost per pupil in the state. Further, the establishment of "alternative" schools seems far less likely in rural areas, since the distance to be traveled are great and it is frequently difficult to attract teachers to rural areas. If alternative schools were established, the competition could drive the pubic schools out of business, or worse, both schools would be unable to continue operation because of low enrollments.

The California initiative avoids these rural problems by allowing public schools to continue to exist, although even Coons and Sugarman are silent on the effect of establishing two or more competing schools in sparsely populated rural areas encompassing vast tracts of land.

Conclusion

Although there has been considerable debate about voucher programs in recent years, little evidence exists to indicate, or predict, how a voucher plan would work on a statewide basis. Additionally, many issues still need to be resolved before a state can enact and operate a successful voucher plan. Even the current initiative in California has intentionally left many areas vague so the state legislature can design the principle elements of the program if California's voters choose to enact the initiative.